



**OFFICE OF INSPECTOR GENERAL**  
*City of Chicago*



***REPORT OF THE OFFICE OF INSPECTOR GENERAL:***

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***DEPARTMENT OF BUILDINGS  
ELEVATOR INSPECTIONS AUDIT***

**OCTOBER 2014**

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October 28, 2014

To the Mayor, Members of the City Council, City Clerk, City Treasurer, and residents of the City of Chicago:

The City of Chicago Office of Inspector General (OIG) has completed an audit of the Department of Buildings' (DOB) compliance with the annual elevator inspection requirements set forth in the Municipal Code of Chicago (MCC) § 13-20-100. Our audit encompassed the two means DOB employs to meet its annual elevator inspection duties. The majority of buildings with elevators in the City are subject to inspection by DOB staff. Inspections for the remaining buildings are conducted through the Department's Annual Inspection Certification program (AIC). In this program, owners of designated properties—including buildings in the Central Business District, those owned by the City's sister agencies, and select institutions such as hospitals and universities—must arrange for private inspections and submit qualifying forms to the City.

OIG reviewed DOB records to determine the completion rates of annual elevator inspections for 2013, the timeliness of follow-up inspections, the effectiveness of Department audits of the AIC program, and the completeness of inspection fee records. Because the audit included both AIC and DOB annual inspections, and the Department stated that AIC was initiated as a pilot program, OIG compared the outcomes of the two inspection processes. The following highlights the differences OIG's audit found between the DOB and AIC processes:

- **Completion Rate in 2013 According to Available DOB Records:**
  - 19.1% of buildings subject to annual DOB review were inspected.
  - 88.5% of buildings subject to annual AIC review were inspected.
- **Follow-Up Inspections:**
  - DOB's records reflected that 37.9% of elevators assessed with violations had received a follow-up inspection as required.
  - Follow-up inspections are not required under AIC. Minor violations must be resolved prior to the building owner's submission for a Certificate of Inspection. Major violations require a repair permit and, thus, are inspected by DOB as part of the repair process.

- **Billing:**

- DOB failed to enter data in a timely manner or create fee records appropriately for DOB inspections, resulting in unbilled inspection fees of \$236,355.
- All fees related to AIC inspections were billed appropriately.

Based on our audit findings, OIG strongly recommends that DOB examine its elevator inspection program and consider the advantages that may be realized by further expansion of AIC citywide. In doing so, DOB should not use its previous sampling methodology for auditing AIC inspections because it does not produce a statistically valid sample, and thus it does not provide a reliable basis to assess the effectiveness of the overall program.

In its response to the audit, DOB commits itself to more timely and complete data processing and to expanding the AIC program in 2015. As DOB expands AIC, the Department has also committed to improving its audit sampling methodology, which will be essential to effectively assess the program.

We thank DOB management and staff for their cooperation during this audit, and we thank the Department of Innovation and Technology for their assistance in obtaining the data needed to perform our analysis.

Respectfully,



Joseph M. Ferguson  
Inspector General  
City of Chicago

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## **I. EXECUTIVE SUMMARY**

The Office of Inspector General (OIG) conducted an audit of the Department of Buildings' (DOB) compliance with the annual elevator inspection requirements set forth in Municipal Code of Chicago (MCC) §13-20-100. The audit did not examine the quality of inspections, but focused rather on whether inspections required by ordinance were performed as a matter of record.

This audit included all inspections performed in 2013 by DOB staff inspectors as well as those performed by private inspectors under the Department's Annual Inspection Certification (AIC) program. A description of AIC is included in the background section of this report.

The objectives of the audit were to determine if DOB,

1. ensured that all elevators received annual inspections;
2. conducted timely follow-up inspections of elevators found to have violations;
3. accurately and timely recorded elevator inspection information required for the Department of Finance to bill and collect inspection fees; and
4. audited AIC inspections annually.

We concluded that DOB did not complete all annual elevator inspections as required by the Municipal Code and DOB rules. Specifically, we found that only 33.9% of the 6,438 buildings requiring an annual elevator inspection in 2013 were actually inspected according to DOB records. In addition,

- the completion rate for inspections under AIC far exceeded the rate of DOB's staff-conducted inspections. In 2013, 88.5% of AIC buildings (1,220 out of 1,379) were inspected while only 19.1% of DOB-direct-oversight buildings (965 out of 5,059) were inspected; and
- the 4,094 buildings that DOB staff failed to inspect in 2013 represent approximately \$772,040 in foregone inspection fees.

We also determined that DOB failed to routinely conduct follow-up inspections to ensure timely correction of elevator inspection violations. We found that,

- 62.1% of the 20,104 violations recorded since January 2006 remained open as of March 2014; and
- for the 37.9% of violations recorded as resolved, a median of 173 days elapsed between the date a violation was found and the date DOB conducted a follow-up inspection.

Additionally, we reviewed DOB's inspection recordkeeping, data entry, and billing processes and found significant issues related to timeliness and completeness. Specifically,

- DOB failed to create fee records for 18.0% of DOB-performed elevator inspections, resulting in estimated unbilled inspection revenue of \$50,200 over a one year period.<sup>1</sup>
- DOB had a backlog of 1,004 paper inspection records with related fees of \$186,155 that it had not recorded in the billing system. Of these, 735, or 73.5%, were more than 30 days old.

Finally, we examined DOB's methodology for sample selection in its audits of AIC inspections. We determined that DOB could not assess the effectiveness of the overall AIC program because its methodology was not statistically valid.

The specific recommendations related to each finding, and management's response, are described in the "Audit Findings and Recommendations" section of this report.

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<sup>1</sup> A fee record is the Department's electronic record of inspection fees owed as a result of work performed by DOB inspectors. These fee records should be created when the inspection is recorded in the DOB system. It is the fee record that is transmitted to the Department of Finance and triggers the invoicing process.

## **II. BACKGROUND**

### **A. Department of Buildings**

The mission of the City of Chicago Department of Buildings (DOB) is to support “the safety and quality of life for the residents and visitors of the City of Chicago through enforcement of the Chicago Building Code.”<sup>2</sup> DOB is responsible for inspecting buildings and related equipment, including elevators, to ensure that safety standards set forth in the Municipal Code of Chicago (MCC) are met.<sup>3</sup> DOB uses the word “elevator” to refer to all equipment regulated under the scope of MCC §18-30-001, which includes “elevators, escalators, moving walks, dumbwaiters, material lifts, platform lifts, stairway lifts, vertical reciprocating conveyors and related equipment.” Therefore, for purposes of this report, we use the term in like manner.

### **B. Elevator Inspection Requirements**

MCC §13-20-100 states, “Except with respect to single family homes... every elevator... now in operation, or which may hereafter be installed... shall be inspected under the authority or pursuant to the mandate of the building commissioner as often as deemed necessary by the building commissioner based on a risk assessment.” City of Chicago elevator safety standards are based on standards set by the American Society of Mechanical Engineers.<sup>4</sup>

The Municipal Code requires that new elevators be inspected and permitted before they go into service. Elevators are subject to the Code requirements that were in place at the time of the original installation. However, an elevator that undergoes significant renovation may be subject to re-inspection and re-permitting to meet current standards. Once in operation, the Code requires recurring inspections to ensure that elevators remain in safe operating condition. DOB stated to OIG that the Department operates under an annual inspection rule, similar to the State of Illinois and other jurisdictions, although that rule is not stated in a formal written policy. In addition to annual and permit inspections, DOB also conducts ad hoc inspections prompted by complaints about a particular building or elevator.

### **C. Elevator Inspection Budget**

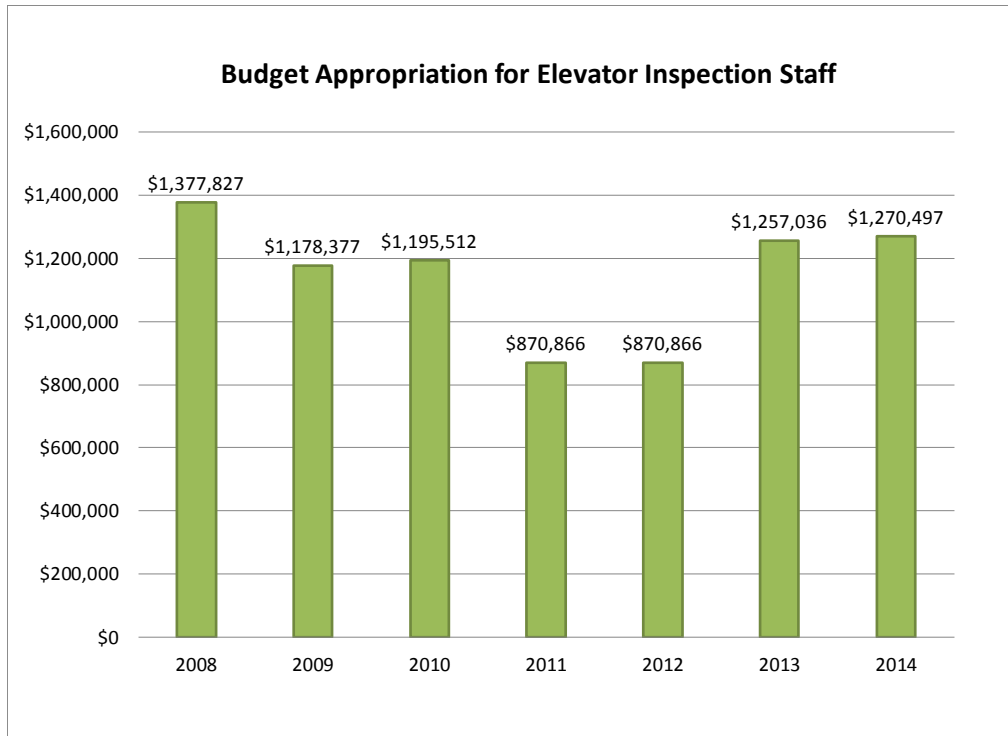
Appropriated funds for elevator inspection staff have fluctuated over the last seven years, falling from \$1.4 million in 2008 to \$0.9 million in 2011, and rising again to nearly \$1.3 million in 2013 as illustrated in the graph below. With the 2014 allocation of \$1.3 million DOB employed 11 inspection staff.

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<sup>2</sup> City of Chicago, Department of Buildings, “Buildings, Mission,” accessed June 11, 2014, [http://www.cityofchicago.org/city/en/depts/bldgs/auto\\_generated/bldgs\\_mission.html](http://www.cityofchicago.org/city/en/depts/bldgs/auto_generated/bldgs_mission.html).

<sup>3</sup> The City of Chicago Building Code is detailed in Municipal Code Titles 13 and 18. Specific information regarding elevator inspections can be found in Chapters 13-20 and 18-30.

<sup>4</sup> MCC §18-30-010 incorporates by reference American Society of Mechanical Engineers standards related to elevators.



Source: City of Chicago, Annual Appropriations Ordinances, 2008 – 2014<sup>5</sup>

#### D. Annual Inspection Certification (AIC) Program

The Department created the Annual Inspection Certification program (AIC) in 2010 as a pilot program designed “to augment the City of Chicago’s building code enforcement.”<sup>6</sup> AIC instructions require building owners to contract with a private inspector to inspect their buildings’ elevators.<sup>7</sup> Buildings subject to the ongoing AIC pilot program include,

- buildings in the Central Business District;
- buildings owned by City sister agencies such as the Chicago Transit Authority and the Chicago Housing Authority; and
- select institutions such as hospitals and universities.<sup>8</sup>

Under AIC, private inspectors examine elevators according to a checklist provided by DOB and submit an electronic record of the inspection to DOB. DOB then issues a certificate for each elevator that meets code requirements according to the inspection record. If an elevator is not in

<sup>5</sup> Annual Appropriations Ordinances are available on the City Clerk’s website: <http://chicityclerk.com/legislation-records/journals-reports/city-budgets/>.

<sup>6</sup> City of Chicago, Department of Buildings, “FAQs for Elevators and Other Conveyance Devices Annual Inspection Certification (AIC),” accessed April 3, 2014, [http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC\\_FAQ11122013.pdf](http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC_FAQ11122013.pdf).

<sup>7</sup> City of Chicago, Department of Buildings, “Elevator Annual Inspection Certification (AIC),” accessed July 2, 2014, [http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC\\_instructions.pdf](http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC_instructions.pdf).

<sup>8</sup> City of Chicago, Department of Buildings, “Rules and Regulations for Annual Inspection Certification of Conveyance Devices,” Rule Nos. 10 – 13, accessed June 5, 2014, <http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/43013AICRevRulesRegs.pdf>.



compliance, DOB issues a conditional certificate and the building owner must arrange for repairs to be made within 60 days. For minor compliance issues, the private inspector certifies when repairs are complete. For major repairs requiring a permit, DOB staff must inspect the repaired elevator and issue the compliance certificate when applicable. To assess the quality of AIC inspections, DOB, at its own discretion, audits a portion of the inspections performed by private inspectors each year.

In 2013, the majority of buildings requiring an annual elevator inspection (5,059, or 78.6%) were subject to inspection by DOB staff, while the remaining buildings (1,379, or 21.4%) were subject to inspections by private inspectors under AIC.

### **E. Elevator Inspection Fees**

Elevator inspection fees range from \$45 to \$155 based on the type of elevator and the number of floors it serves.<sup>9</sup> After a DOB inspection, the Department is responsible for entering the inspection data and issuing the Certificate of Inspection as appropriate. Although MCC §13-20-110 requires the issuance of the certificate “upon the payment of the inspection fee,” DOB issues the certificates *before* receiving payment. Once DOB enters the inspection data, a fee record is created within the DOB system, triggering the Department of Finance (DOF) to invoice the building owner for the inspection fee.

Elevators in AIC are not inspected by DOB staff and are not subject to DOB inspection fees.<sup>10</sup> Instead, elevators in AIC are subject to a document review fee equal to half of the corresponding DOB inspection fee.<sup>11</sup> Certificates of Inspection for elevators in AIC are not issued until *after* building owners pay the document review fee through an online account.

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<sup>9</sup> See Appendix B for full list of elevator inspection fees.

<sup>10</sup> Buildings participating in AIC do not receive an annual inspection from DOB staff. However, these buildings may receive an inspection by DOB staff if a major violation requiring a repair permit is found during inspection by a private contractor. See “If Device Does Not Comply (permit req)” in City of Chicago, Department of Buildings, “Elevator Annual Inspection Certification (AIC),” accessed July 17, 2014, [http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC\\_instructions.pdf](http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC_instructions.pdf).

<sup>11</sup> City of Chicago Municipal Code §13-20-014 sets the document review fee at “one-half the applicable inspection fee.” It is possible for a building to be exempted from this fee, because “if the City Council enacts an ordinance authorizing the waiver of city inspection fees for any equipment or building or portion thereof required to be inspected under the AIC program, the document review fee required under this rule shall also be waived for such equipment or building or portion thereof.” See City of Chicago, Department of Buildings, “Rules and Regulations for Annual Inspection Certification of Conveyance Devices,” Rule No. 27, accessed July 15, 2014, <http://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/43013AICRevRulesRegs.pdf>.

### **III. OBJECTIVES, SCOPE, AND METHODOLOGY**

#### **A. Objectives**

The objectives of the audit were to determine if DOB,

1. ensured that all elevators received annual inspections;
2. conducted timely follow-up inspections of elevators found to have violations;
3. accurately and timely recorded the elevator inspection information required for the Department of Finance to bill and collect inspection fees; and
4. audited AIC inspections annually.

#### **B. Scope**

This audit focused primarily on 2013 annual inspections to determine compliance under MCC §13-20-100. We did not examine inspections conducted in response to complaints or permit inspections for new elevator installations. However, during testing relating to a backlog of data entry (Finding 4) information regarding permit inspections was included because all inspection types share the same data entry process.

We also reviewed records of violations requiring follow-up inspections between January 2006 and March 2014.<sup>12</sup>

#### **C. Methodology**

For all objectives, OIG met with DOB management and staff to gain an understanding of the overall elevator inspection process.

To determine if elevator inspections are completed annually, OIG analyzed reports provided by the Department of Innovation and Technology (DOIT) detailing all inspection records from January 1, 2009 through December 31, 2013. OIG used these reports to calculate the total number of buildings requiring annual elevator inspections in 2013 and the total number of annual elevator inspections completed in 2013.<sup>13</sup>

To determine if follow-up inspections of elevators found to be in violation are completed, OIG analyzed a report detailing all building violations from 2006 through 2013. This report is available on the City Data Portal and is updated daily.<sup>14</sup>

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<sup>12</sup> Records of violations may result from annual inspections or inspections related to complaints. The follow-up process is the same regardless of the source of the record.

<sup>13</sup> New buildings receive an inspection at the time of installation and permitting. Therefore they are not included in the annual inspection requirements.

<sup>14</sup> The complete dataset can be found on the City of Chicago Data Portal at: <https://data.cityofchicago.org/Buildings/Building-Violations/22u3-xenr>. Elevator violations are those with a VIOLATION CODE beginning with "EV".

To assess the reliability of the DOIT and Data Portal datasets, OIG compared random samples of records in each of the datasets to electronic records in the DOB system. Based on this review, OIG determined that the reports were sufficiently reliable to support further analysis.

To determine if all elevator inspection fees resulting from DOB inspections were processed correctly, OIG reviewed a random sample of inspections completed by DOB staff for a period of one year and checked the status of fee records in the DOB system.

To determine if all document review fees owed under AIC in 2013 were processed correctly, OIG reviewed a DOB report detailing completed 2013 AIC inspections as of January 3, 2014 and checked the status of fee records in the DOB system.

To determine if DOB processes inspection records in a timely manner, OIG reviewed and cataloged all backlogged inspection paperwork as of January 22, 2014.

To determine whether buildings under AIC are selected for audit according to statistical principles, OIG met with DOB officials responsible for AIC to understand the current methodology and then compared this methodology to established statistical principles.

#### **D. Standards**

We conducted this audit in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

#### **E. Authority and Role**

The authority to perform this audit is established in the City of Chicago Municipal Code § 2-56-030 which states that the Office of Inspector General has the power and duty to review the programs of City government in order to identify any inefficiencies, waste, and potential for misconduct, and to promote economy, efficiency, effectiveness, and integrity in the administration of City programs and operations.

The role of OIG is to review City operations and make recommendations for improvement.

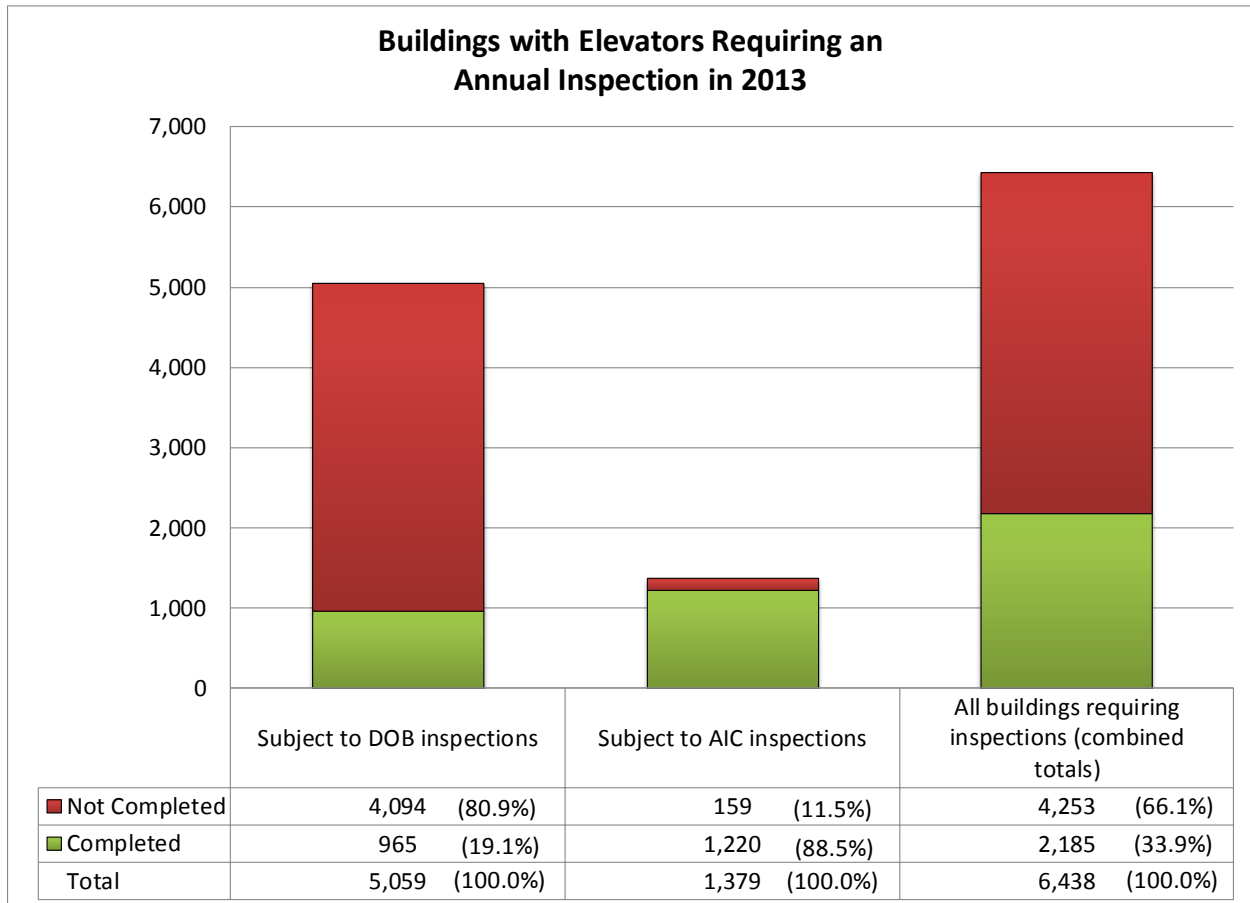
City management is responsible for establishing and maintaining processes to ensure that City programs operate economically, efficiently, effectively, and with integrity.

**IV. FINDINGS AND RECOMMENDATIONS**

**Finding 1: DOB and AIC inspectors only inspected 33.9% of the buildings requiring annual elevator inspections in 2013.**

In 2013 only 2,185, or 33.9%, of the 6,438 buildings requiring an annual elevator inspection according to DOB records received one. The majority of these buildings (5,059, or 78.6%) were subject to inspection by DOB, while the remaining (1,379, or 21.4%) were subject to inspection by private inspectors participating in AIC.

As shown in the graph below, over half of the buildings inspected were in the AIC program. Specifically, private inspectors participating in AIC inspected 1,220, or 88.5% of buildings subject to their review, while DOB inspected 965, or only 19.1% of buildings subject to their review.<sup>15</sup>



Source: OIG Analysis of DOB data as of March 10, 2014.

<sup>15</sup> See Appendix A for completed inspections from 2010-2013.

OIG estimates that the 4,094 buildings DOB staff failed to inspect in 2013 represent \$772,040 in foregone inspection fees.<sup>16</sup> OIG did not estimate foregone fees for the 159 buildings not completed under AIC because building owners not in compliance with AIC are cited for lack of compliance and referred to the Department of Administrative Hearings (DOAH).<sup>17</sup> In these instances, owners may face late fees or fines.

DOB stated that its low completion rate was due to a reduction in the number of inspection staff over the last several years, as shown in the table below. The 2008 budget provided for 15 positions related to elevator inspections, but by 2011 the total number of positions was reduced to 8. Three positions were added in the 2013 budget, and DOB filled inspector vacancies in late 2013 to bring the total staff in line with the budgeted positions for ten Elevator Inspectors and one Assistant Chief Elevator Inspector. These new inspectors are expected to increase the Department’s annual inspection completion rate in 2014. However, according to DOB’s internal staffing analysis, the Department would need to increase current staffing by six inspectors to complete all annual inspections. According to that same analysis, current staffing would need to increase by 12 inspectors to complete all annual inspections *and* follow-up inspections.

**Budgeted Elevator Inspection Positions Each Year, 2008 – 2014**

Year	Assistant Chief Elevator Inspector <sup>18</sup>	Elevator Inspector	Administrative Assistant II	Total
2008	1	13	1	15
2009	1	10	1	12
2010	1	10	1	12
2011	1	7	0	8
2012	1	7	0	8
2013	1	10	0	11
2014	1	10	0	11

Source: City of Chicago, Annual Appropriations Ordinances, 2008 - 2014<sup>19</sup>

Compared to buildings subject to review by DOB staff, AIC has a high rate of completion for annual inspections. Although AIC falls short of full compliance, building owners are responsible for ensuring that their buildings are inspected each year. Building owners who fail to have inspections are referred to DOAH as noted above. This is in contrast to the process for DOB staff

<sup>16</sup> There were 7,455 elevators in the 4,094 uninspected buildings. OIG calculated the average fee per elevator inspected to be \$103.56 based upon documentation available for 2013 inspections. Therefore, the total inspection fees related to uninspected devices is estimated at \$772,040.

<sup>17</sup> “The failure of a building owner/manager to comply [with AIC] will result in an administrative hearing. Additionally, failure to comply may result in the imposition of any late filing fee, fine or other penalty that may be provided for by law. Compliance includes arranging for the inspection, completing necessary repairs, paying program fees and displaying the certificate.” City of Chicago, Department of Buildings. “FAQs for Elevators and other Conveyance Devices Annual Inspection Certification (AIC),” accessed June 19, 2014, [https://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC\\_FAQ11122013.pdf](https://www.cityofchicago.org/content/dam/city/depts/bldgs/general/AIC/AIC_FAQ11122013.pdf).

<sup>18</sup> Although the position of Chief Elevator Inspector previously existed, the position has not been filled or budgeted since 2005.

<sup>19</sup> Annual Appropriations Ordinances are available on the City Clerk’s website: <http://chicityclerk.com/legislation-records/journals-reports/city-budgets/>.

inspections, in which buildings may go years without an inspection. DOB estimated that it inspects a given elevator approximately once every three years. However, DOB has no basis to hold building owners accountable, as it does under AIC, because it is DOB's resource limitation which precludes the inspection from occurring.

DOB management stated that AIC was originally created as a pilot program but there are no current plans for expansion.

**Recommendation:**

OIG recommends that DOB consider expanding AIC because AIC has demonstrated a higher inspection completion rate and has processes for enforcement when building owners fail to comply. Expanding the program could significantly increase the total number of annual inspections completed, thereby furthering the important public safety objectives at the core of the inspection program.

If DOB expands AIC, it will be important for the Department to diligently monitor the rate of compliance and strive toward 100% completion. If 100% completion is not met, as in 2013 (88.5%), it will be essential that DOB ensure all non-compliant building owners are referred to Administrative Hearings to enforce compliance.

If DOB chooses to continue the current separate inspection programs, we recommend that the Department work with the Office of Budget and Management to fund appropriate DOB staffing levels to ensure that all elevators are inspected annually.

**Management Response:<sup>20</sup>**

*"The Department is committed to 100% inspection completion rate for elevators citywide, whether inspected by the Department directly or under the third-party AIC program. Whenever compliance isn't realized through inspection alone, the case is referred for follow-up. In 2013, the Department referred every non-compliant AIC building to the Department of Law for compliance enforcement action and increased inspection completion rate[.]*

*The Department hired three (3) Inspectors into the Elevator Bureau in late 2013. With the increase of these new inspectors in late 2013, the Department is realizing an increased inspection completion rate and will continue to make enhancements.<sup>21</sup>*

*The Department is committed to expanding the AIC program and has three expansion phases planned for 2015, including all new construction citywide.*

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<sup>20</sup> The entirety of DOB's response is included as Appendix D of this report. In addition, OIG excerpted the portions directly relevant to the individual findings and quoted them in the Management Response section for each finding.

<sup>21</sup> "1,895 annual elevator inspections completed as of September 30, 2014. This represents an increase of 504 inspections as compared to total year-end for 2013."

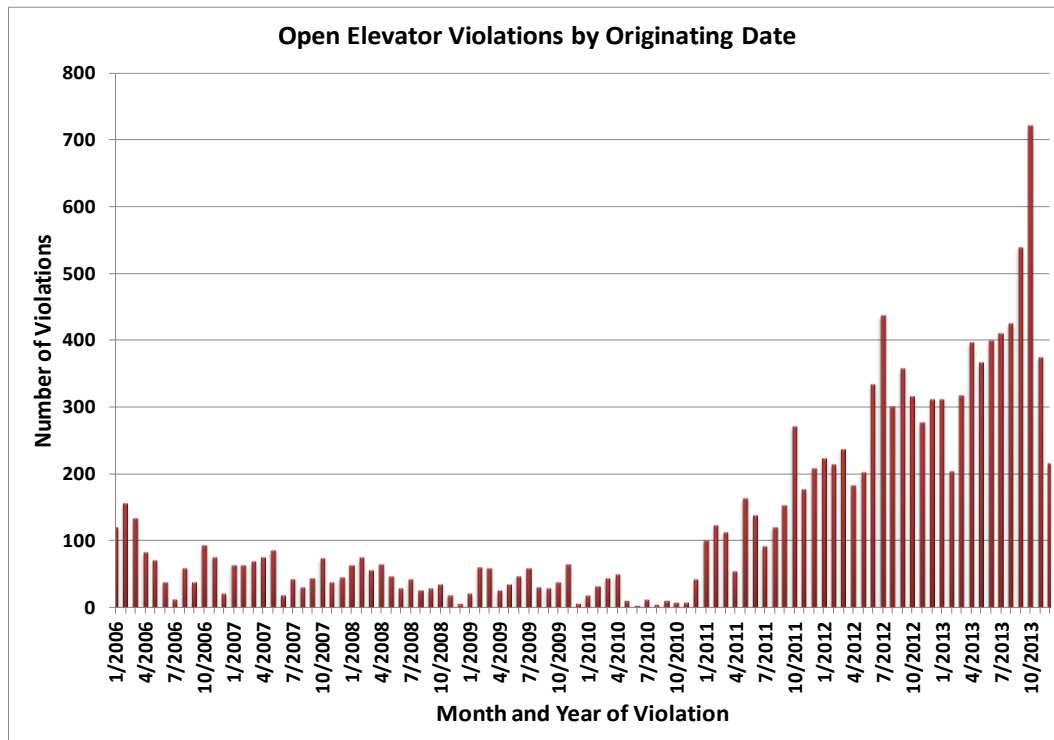
*As a direct result of the IG's findings, the Department is making improvements to our information and data collection to remove flaws in our reporting and inspections processes. In a short time, the Department has corrected the inspection status of 1,733 buildings."*

**Finding 2: DOB does not routinely conduct follow-up inspections to ensure timely correction of elevator inspection violations.**

DOB does not routinely conduct follow-up inspections after violations are found. DOB stated that it has no method for tracking whether building owners correct elevator violations within the required timeframe of 60 days. Thus, DOB could not reliably ensure timely compliance. By reviewing elevator code violation data available through the City of Chicago Data Portal, OIG found that only 7,629, or 37.9% of the 20,104 elevator code violations since January 2006, received a follow-up inspection. These violations were also recorded as in compliance by DOB. The remaining 12,475 violations, or 62.1%, did not have a follow-up inspection recorded as of March 2014 and remained open. When we informed DOB staff of the data used for our analysis they stated that they were not aware this data was available.

Open violations dated as far back as January 2006, when the dataset was first created. Based on the violation records alone, OIG could not determine the reason the violations remained open. For example, violations may remain open because a follow-up inspection had not been conducted or because the violation record had not been updated.

The graph below depicts the number of violations open as of March 2014 for more than 60 days. DOB requires building owners to correct violations within 60 days, but as the graph shows some violation records have remained open for more than seven years.



Source: OIG Analysis of City of Chicago Data Portal “Building Violations” Dataset<sup>22</sup>

<sup>22</sup> For this audit, OIG reviewed the dataset that was current as of March 6, 2014. The complete and current dataset can be found on the City of Chicago Data Portal at: <https://data.cityofchicago.org/Buildings/Building-Violations/22u3-xenr>. Elevator violations are those with a VIOLATION CODE beginning with “EV”.



For the 7,629 resolved violations, the median number of days from the violation until the elevator was in compliance was 173 days. This is almost three times DOB's standard for requiring compliance within 60 days of the date the violation is found. It should be noted that although the building owner may resolve the violation, the elevator is technically not in compliance until DOB issues the Certificate of Inspection.

DOB stated that the reduction of elevator inspection staff, as described in Finding 1, has impacted the Department's ability to conduct timely follow-up inspections. DOB also explained that if there is an upcoming annual inspection, staff may review for violation resolution during that time. However, if the original violation record is not updated, it would remain unresolved in the Data Portal dataset.

**Recommendation:**

We recommend that DOB develop a method to track the timely correction of elevator violations to ensure compliance. Furthermore, DOB should immediately review and resolve the existing backlog of open elevator violations.

Finally, DOB should consider expanding AIC for annual inspections, as mentioned in Finding 1. In AIC, minor violations are corrected prior to the issuance of the Certificate of Inspection and DOB only performs follow-up inspections on major violations. Therefore, the expansion of AIC would allow DOB staff more time to conduct follow-up inspections of code violations.

**Management Response:**

*"The Department of Buildings regularly conducts follow-up inspections after violations are found. In 2013, the Department completed 1,140 follow-up re-inspections and, YTD 2014 (as of September 30, 2014), 1,082 re-inspections have been completed. Any elevator unit with dangerous and hazardous conditions is immediately "red-tagged" and removed from service with the property owner being notified to immediately address the conditions. A "failed" inspection can also include lesser violations that pose no hazard to the public. For public awareness, these buildings now receive a Conditional Inspection Certificate.*

*Elevator violations that show as open in the system are not necessarily current and may have been resolved. Open violations may actually remain documented on a building's history, even after the building subsequently passed its follow-up inspection. Currently, as a result of unrealized technology improvements, the Department is without a streamlined method to systematically close these outdated violations. The current process is cumbersome and both labor and time intensive. Likewise, there is no seamless notification process that the property owners may utilize to notify the Department that they have made repairs and that the Department may come in for a follow-up inspection.*

*The Department is working with the Department of Innovation and Technology to ensure these essential reporting requirements are built into new system functionality. In the interim, the Department has implemented a weekly report that will list all failed annual inspections within the last sixty (60) days. This report will also serve as a redundancy to the billing error report*

*that will notify us of inspections we have completed, but failed to update our records. The Department's Director of Information Systems will generate the report and the Assistant Chief Elevator Inspector is tasked with incorporating these follow-up inspections into the daily workload for completion.*

*Data entry improvements are discussed under Finding 4, below; however, it should be noted here that a delay in entering inspection records created a parallel delay in the number of buildings requesting follow-up inspections. The Department took immediate steps to ensure all inspection records identified as delinquent at the time of the audit were entered and the relevant records created. The upkeep in data entry resulted in an increase in notifications from property owners that their buildings required re-inspection by the Department. In maintaining timely data entry, the Department will now, more regularly, receive requests for re-inspection.”*

**Finding 3: DOB failed to create fee records for 18.0% of annual inspections performed by DOB staff, resulting in estimated unbilled inspection revenue of \$50,200 over the course of a year.**

OIG found that while DOB created all fee records related to AIC inspections appropriately,<sup>23</sup> 18.0% of fee records for inspections performed by DOB were not created and, as a result, could not be billed.<sup>24</sup> Although the Department of Finance (DOF) is responsible for the actual billing and collection of elevator inspection fees, DOF's billing process is dependent on recordkeeping performed by DOB. DOB's failure to create fee records appropriately may have resulted in unbilled inspection revenue of \$50,200 over the one year period reviewed by OIG.<sup>25</sup>

DOIT and DOB management stated that there is a system-generated exception report which identifies DOB inspection records entered without a related fee. However DOB management stated to OIG that they were unsure who was responsible for reviewing this report and advised us to ask DOIT. The DOB supervisor responsible for elevator inspections stated that he was unaware of the report. Thus OIG determined that no one actively reviews the report to correct inspections entered into the system without a related fee record.

**Recommendation:**

OIG recommends that DOB take immediate action to ensure fee exception reports are regularly reviewed and necessary corrections are made so that DOF may promptly initiate billing for each inspection. DOB should document procedures and persons responsible for reviewing the reports, and train staff appropriately.

OIG also recommends that DOB consider expanding AIC to cover more annual inspections. AIC document review fees are more reliably created, billed, and collected than DOB inspection fees because the Department routinely monitors the payment status of document review fees and issues the Certificate of Inspection only after payment is received. While the fee amount related to each inspection would be reduced to half relative to DOB inspections, the number of annual inspections completed would likely increase considerably, as noted in Finding 1. OIG estimates that expanding AIC to cover all elevators citywide could result in additional revenue of \$253,670.<sup>26</sup>

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<sup>23</sup> OIG reviewed a sample of 159 AIC inspections completed as of January 3, 2014. In every case, a fee record existed.

<sup>24</sup> The DOB inspections sampled for this analysis were taken from the period from October 1, 2012 to September 30, 2013. This time period was chosen to avoid any complications resulting from recordkeeping delays as described in Finding 4. The AIC inspections reviewed were conducted in 2013.

<sup>25</sup> OIG sampled records for 89 of 1,216 completed inspections. We found 16, or 18.0%, did not have a fee record associated with the inspection. OIG calculated the average fees per building (\$229.35), applied the 18.0% error rate to the entire population, and estimated unbilled inspection revenue between \$31,235 and \$69,165 (based on a 6.8% margin of error and a 90% confidence level). The figure presented above is the midpoint of this range, \$50,200.

<sup>26</sup> This estimate was based upon a 100% completion rate. A reduction in the completion rate would, of course, result in less revenue. For instance, if AIC maintained its current completion rate of 88%, additional revenue is estimated at \$191,466.

If DOB chooses to maintain two programs for annual inspections, the Department should comply with MCC §13-20-110 and issue the Certificate of Compliance only after payment of the inspection fee is received.<sup>27</sup> This would ensure that DOB does not provide certification without first creating a fee record and receiving acknowledgement that the inspection fee has been paid.

**Management Response:**

*“The Department places a priority on timely and accurate record keeping. The Department took the immediate steps to ensure all inspection records identified as delinquent at the time of the audit were entered and the relevant fee records created. As a result, the Department successfully completed all billing for the 1,004 paper inspection records noted as delinquent at the time of the OIG audit. Furthermore, the Department is current on all data entry at the time of this response and will strive to keep pace with data entry.*

*The Department is working with the Department of Innovation and Technology to expand the Department’s use of mobile technology that will allow inspectors to record inspections records on-site. The Department currently utilizes mobile technology in other inspection bureaus for this purpose.*

*Moving forward, on a monthly basis, the Assistant Chief Elevator Inspector will prepare and review an exception report. This report will list any possible inconsistencies or errors between inspection data entry and billing records. The Department’s Deputy Commissioner for Finance is tasked with auditing the results to ensure billing accuracy.”*

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<sup>27</sup> As described in the Background section of this report.

**Finding 4: DOB had a backlog of 1,004 paper inspection records that had not been recorded in the DOB computer system as of January 2014, representing delayed billings of \$186,155.**

At the time of the audit, DOB informed OIG that a significant number of paper inspection records related to annual and permit inspections had not yet been entered into the computer system.<sup>28</sup> OIG reviewed the paperwork in late January 2014 and found 1,004 inspection records, with a related \$186,155 of inspection fees, awaiting data entry. Of these records, 735, or 73.5%, were more than 30 days old.<sup>29</sup> The billing and collection process is triggered by data entry, thus delays in data entry can delay billing for months after inspections. The backlog consisted of the following,

- 543 *annual* inspection records totaling \$119,200 (363, or 66.9%, were more than 30 days old);
- 422 *permit* inspection records totaling \$64,270 (337, or 79.9%, were more than 30 days old); and
- 35 *complaint and other* inspections totaling \$2,685 (34, or 97.1%, were more than 30 days old).

According to DOB, the Bureau of Elevators previously had a budgeted position for an administrative assistant who was responsible for entering inspection records in a timely manner. However, this position was eliminated in FY2011 along with several elevator inspector positions.

**Recommendation:**

OIG recommends that DOB work to clear the existing data entry backlog and develop procedures that ensure the timely entry of inspection record data. DOB could either assign responsibility for data entry to an existing staff member or work with OBM to determine if it is feasible to restore the administrative assistant position previously budgeted for the Department. Another possible solution is to use technology (laptops or tablet computers) to record inspection results on-site. Expanding AIC may also address this problem because all AIC private inspection companies submit inspection records electronically.

Whatever solution the Department chooses to pursue, it is essential that DOB prioritize timely and accurate recordkeeping in order to support effective elevator inspection and billing.

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<sup>28</sup> While the majority of OIG audit procedures were related only to annual elevator inspections, permit inspections were included in this test because the process for recording data in the computer system and processing inspection fees is the same for both annual and permit inspections.

<sup>29</sup> OIG found four annual inspection records with no date recorded on the sheet. These records were not included in the count of records more than 30 days old.

**Management Response:**

*“Data entry is an important function with the Department of Buildings. Timely entry of inspection records is necessary to initiate billing, collections, court and administrative hearing functions.*

*As discussed above, the Department took immediate action through the utilization of a temporary short term resource and was able to clear the data entry backlog noted at the time of the audit.*

*Furthermore, the Department will now train its Inspectors to utilize the Department’s Hansen database system. At the time of this response, training sessions scheduled for the first two weeks in October 2014 are ongoing. Once trained, the Inspectors will begin completing data entry on their inspection results. The Department is also exploring options to enter inspection data directly from the field at the time of the inspection.*

*This will systematically address part of the data entry requirements, but not all. The Department will also work with the Office of Budget Management (OBM) to restore the Administrative Assistant position previously budgeted for the Department.”*

**Finding 5: DOB did not use a statistically valid sampling methodology to select AIC inspections for audit.**

To verify the quality of private inspections performed by the third-party vendors participating in AIC, DOB conducts annual field audits.<sup>30</sup> In that effort, DOB selects a sample of completed inspections. DOB officials explained to OIG that the overarching goal is to select a sample that is statistically relevant while maintaining a reasonable workload.

OIG reviewed DOB's sampling methodology and found that it included both random and judgmental selection and resulted in a sample that was not statistically valid.<sup>31</sup> For example, attempts by DOB to intentionally include both large and small buildings led to a non-randomized sample. Therefore, DOB could not use the results of the AIC audit to assess the effectiveness of the overall program.

**Recommendation:**

OIG recommends that DOB consider revising the audit sampling process so that the sample is statistically valid. A simple random sample would achieve this goal, but may not include every inspection company each year. Therefore, if DOB determines that it is important to examine the work of each inspection company every year, the Department may choose to consider a stratified sampling methodology. Furthermore, DOB should provide staff training in generally accepted sampling methods to ensure the quality of future audit work.

**Management Response:**

*"The Department performs three (3) types of audits: License Audit, Paper Audit and Field Inspection Audit. DOB compliance staff conducts License Audits at least once each year. The AIC program requires that an Authorized Technician (AT) who performs work as part of the AIC be licensed by the State of Illinois as a Licensed Inspector and work for an Illinois Licensed Inspection Company. The Department conducts an annual License Audit to verify current license status.*

*For the Paper Audit, the Department reviews the document submissions of companies performing inspections as part of the AIC. As part of the audit, the Department reviews thousands of documents and exhibits to ensure proper recordkeeping. The Department utilizes Field Inspection Audits to verify the quality of private inspections performed by the third-party vendors participating in the AIC. Due to their time sensitive nature, Field Inspection Audits are ideally performed close to the actual inspection date. By current Department guidelines, the audit is performed within 60 days. The methodology in place at the time of the OIG's report attempted to select buildings for audit that would be representative of several factors including building size, cross section of inspection companies, cross section of device types, etc. Moving forward, the Department will utilize a simple random sample selection process for its Paper and Field Inspection Audits, as recommended by the OIG.*

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<sup>30</sup> City of Chicago, Department of Buildings "Elevator Annual Inspection Certification (AIC) Instructions," Revised 11/21/2013. DOB provided evidence of annual audits conducted in 2011, 2012, and 2013.

<sup>31</sup> OIG's complete analysis of the AIC audit sampling process is described in Appendix C.

*Furthermore, the Department is taking an additional step. Currently, the deadline for all AIC inspections is annually on December 31<sup>st</sup>. As a result, the Department receives the bulk of inspection records in the month of December, leading up to the deadline. This also limits the Department to conducting audits only in the first two months of the year to ensure the audit falls within the 60 days validity period.*

*Effective 2015, the Department will randomly divide AIC properties into two (2) groups. Group #1 will have a submission deadline of July 30<sup>th</sup> annually and Group #2 will retain the current December 31<sup>st</sup> deadline. This is a first step as the Department actively works towards a fully staggered elevator inspection schedule. This will allow DOB to more effectively balance the workload of its inspectors and ensure that DOB is consistently performing field inspection audits.”*

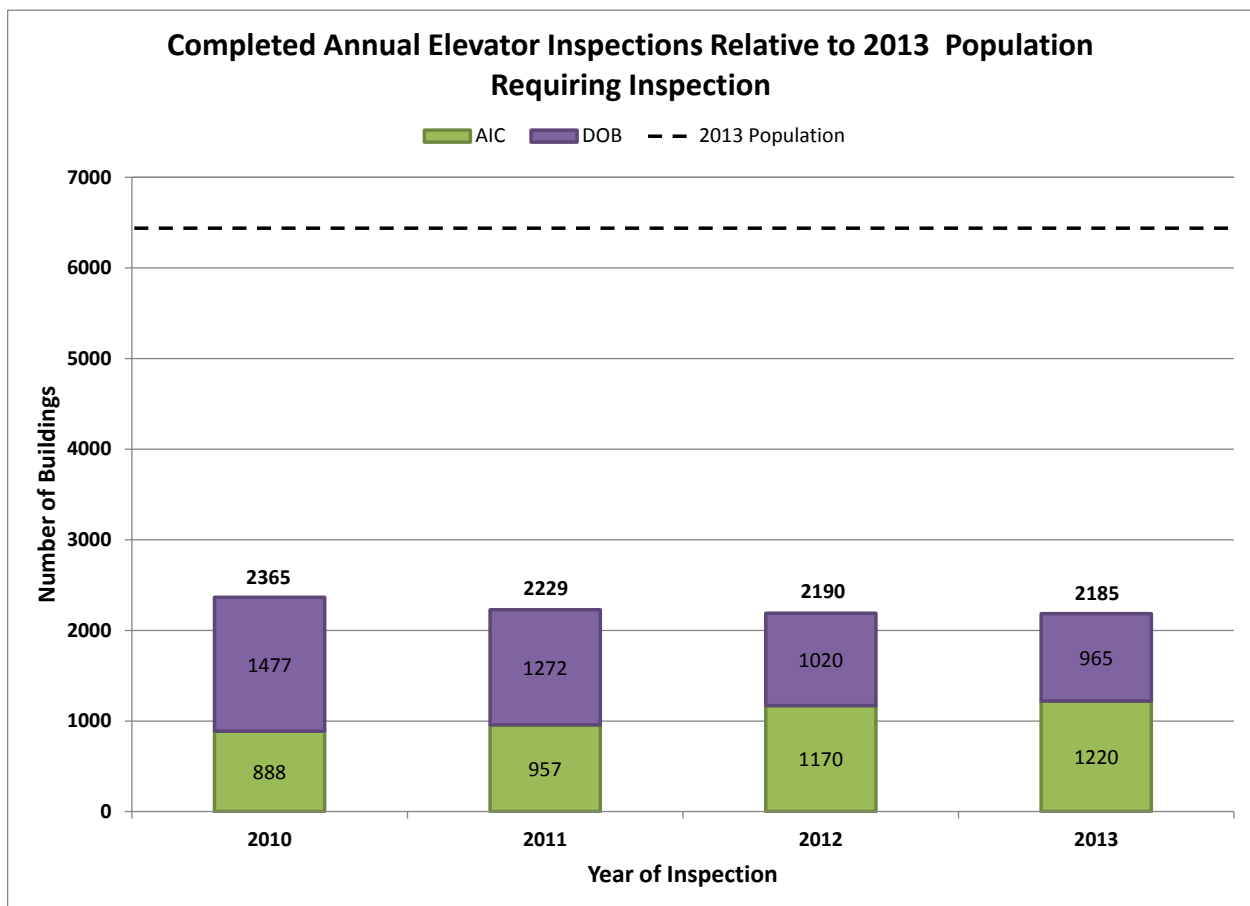


**V. APPENDIX A: TOTAL ANNUAL INSPECTION COMPLETION, 2010-2013**

The total number of completed annual inspections has declined by 7.6% in the past four years, falling from 2,365 in 2010 to 2,185 in 2013, as illustrated in the graph below. During that period, the number of inspections completed by AIC inspectors has increased by 37.4%, from 888 to 1,220, while the number of inspections completed by DOB inspectors has declined by 34.7%, from 1,477 to 965. The majority of completed inspections are now performed by AIC inspectors.

As reported in Finding 1 of this report, 6,438 buildings required annual elevator inspections but only 2,185, or 33.9% of the buildings, were inspected in 2013. OIG could not determine the number of buildings that required elevator inspections for previous years as DOB does not retain prior year inventories of such buildings. Therefore, the 2013 inventory level of 6,438 was used as a benchmark in the absence of prior years' inventory levels.

The dotted line in the graph below shows that if the total number of buildings requiring inspections in 2010-2012 was similar to the 6,438 requiring inspections in 2013, the completion rate was comparable to the 33.9% completion rate for 2013.



**VI. APPENDIX B: ELEVATOR INSPECTION FEE SCHEDULE**

The following table details the fee schedule for “annual and other periodic inspection” of elevators as detailed in the City of Chicago Municipal Code 13-20-140(a).

**13-20-140(a)** “The building commissioner is authorized to, and shall assess, the following inspection fees for any annual or other periodic inspection of the following equipment.”

For an elevator, vertical reciprocating conveyor or manlift ten floors or less <sup>32</sup>	\$105.00
For an elevator or vertical reciprocating conveyor above ten floors but less than 21 floors	\$125.00
For an elevator or vertical reciprocating conveyor over 20 floors but less than 31 floors	\$140.00
For an elevator or vertical reciprocating conveyor over 30 floors	\$155.00
Skip stops shall be considered as a floor of the building <sup>33</sup>	
For an escalator or moving walk	\$75.00
Movable stage or orchestra floor	\$125.00
Platform lift	\$75.00
Hinged platform lift for trucks and loading docks	\$45.00
Material lifts	\$105.00
Platform wheel chair lifts, inclined wheel chair lifts and stairway chairlifts	\$50.00

<sup>32</sup> A vertical reciprocating conveyor is a material lift used in warehouses and factories.

<sup>33</sup> “Skip stops” are floors not directly serviced by an elevator. In other words, the elevator passes the floor without stopping.

**VII. APPENDIX C: ISSUES IDENTIFIED IN DOB’S AIC AUDIT SAMPLING METHODOLOGY**

The following table details specific issues with DOB’s process for selecting AIC inspections to audit, as noted in Finding 5 of this report.

Accepted Statistical Practice for Stratified Sampling <sup>34</sup>	Current AIC Audit Sampling Methodology	OIG Recommendation
1) Population may be stratified by means of some known variable.	DOB stratifies the AIC population by inspection company so that each company is its own stratum and all companies are represented in the sample.	OIG identified no specific problem with this step, though stratification may not be necessary depending on DOB’s goals for the audit. A simple random sample would also produce results applicable to the entire program.
2) Samples are selected by some probability design from each stratum.	Although the first building selected for each stratum (inspection company) is chosen randomly, DOB chooses additional buildings intentionally (rather than randomly) to ensure a mix of large and small buildings across the entire audit sample. This mix is not limited by company.	DOB should ensure that samples are selected randomly to maintain statistical validity. Buildings chosen intentionally according to some criteria (large building, small building, etc.) may compromise the validity of the sample and produce results that cannot be used to assess the overall program.
3) Selection in different strata should be independent of each other.	Selections within each stratum are not independent of each other because of the intentional selection of a mix of large and small buildings. For example, if Company A and Company B have each inspected a large building and a small building, Company A may have only a large building audited, whereas Company B may have a small building audited.	DOB should ensure that the type of building selected for one company should have no bearing on the type selected for another company.
4) Total sample size allocated proportional to stratum size.	Because of issues regarding the accuracy of DOB audit records, OIG could not verify whether each stratum in the audit sample contained a number of buildings consistent with stratum size.	DOB should ensure the accuracy and completeness of audit records in order to support effective management of the audit process and AIC as a whole.

<sup>34</sup> These criteria are adapted from Steven K. Thompson, *Sampling, Third Edition* (Wiley & Sons, Inc., 2012), 141.

## **VIII. APPENDIX D: DOB MANAGEMENT'S COMPLETE RESPONSE**

Thank you for the opportunity to provide a response to the draft report findings of the Department of Buildings' Elevator Inspections Audit. The Department of Buildings supports the safety and quality of life for the residents and visitors of the City of Chicago through enforcement of the Chicago Building Code. The permitting and inspection processes are essential elements in this safekeeping. The Annual Inspection Certification (AIC) program was established in 2009 to augment the City of Chicago's Building Code enforcement model to ensure public safety and increase efficiency. It is expressly understood that the OIG audit was limited to inspections performed in 2013 by Department of Buildings' elevator inspectors, as well as those performed by private inspectors under the Department's Annual Inspection Certification (AIC) program. Overall, the report provides an assessment of one aspect of the Department's Elevator Bureau functions.

For proper context, it is important to note that, in 2013, annual elevator inspections and re-inspections represented 42% of the total volume of inspections completed by the Elevator Bureau of the Department of Buildings. As noted in this audit, the Department completed 1,859 annual elevator inspections and re-inspections in 2013. However, Department inspectors also completed 2,036 other comprehensive inspections. These additional inspection types include: amusement rides/carnival devices, permanent window washing units, handicap lifts, man lifts, escalators, moving walks, dumbwaiters, material and platform lifts, stairway chairlifts, conveyers and related equipment; as well as the initial installation, modernization, and permitted repair inspections of all devices and accident investigations.

The Department also responds to 311 citizen calls. In 2013, the Elevator Bureau of the Department of Buildings responded to 591 citizen calls from 311.

At the outset, it should be highlighted that the Department hired three (3) Inspectors into the Elevator Bureau in late 2013. Since the audit exclusively focused on inspections completed during the 2013 calendar year, the additional inspection results realized as a result of this increased staffing were not included in the audit.

The OIG audit report correctly notes that there is a dichotomy in the issuance of elevator certificates. Certificates of Inspection for elevators in AIC are not issued until after the appropriate fees have been paid. Conversely, DOB currently issues certificates before receiving payment. It was the Department's policy not to issue any certificates prior to receiving payment. However, in 2009 there was a process change as the result of media reports concerning the lack of updated certificates on display in elevators. The report made it appear that inspections were not occurring. In fact, in elevators where inspections had actually occurred, some building owners were unable to display their current certificates due to their failure to make the requisite payment. As a result, there were high numbers of elevators with passed inspections but no updated Certificate of Inspection. Moving forward, DOB will not

issue Certificates of Inspection until proper payment has been received. This change will mirror the process for issuing certificates through the AIC program. DOB now has the ability to issue Conditional Certificates to make the public aware that an inspection has been completed and the elevator's condition is safe; such certificates are provided at the time of inspection, and it is the responsibility of the owner to post these certificates. Additionally, concerned residents may now utilize the City's data portal (<https://data.cityofchicago.org>) to find the latest inspection results, even in the absence of a certificate. The Department will also be more diligent in pursuing code violations for those property owners who fail to display current Certificates of Inspection after receiving a passed inspection.

**With Regard to Finding #1: Inspection Completion Rate:**

The Department is committed to 100% inspection completion rate for elevators citywide, whether inspected by the Department directly or under the third-party AIC program. Whenever compliance isn't realized through inspection alone, the case is referred for follow-up. In 2013, the Department referred every non-compliant AIC building to the Department of Law for compliance enforcement action and increased inspection completion rate will

The Department hired three (3) Inspectors into the Elevator Bureau in late 2013. With the increase of these new inspectors in late 2013, the Department is realizing an increased inspection completion rate and will continue to make enhancements.<sup>1</sup>

The Department is committed to expanding the AIC program and has three expansion phases planned for 2015, including all new construction citywide.

As a direct result of the IG's findings, the Department is making improvements to our information and data collection to remove flaws in our reporting and inspections processes. In a short time, the Department has corrected the inspection status of 1,733 buildings.

**With regard to Finding 2: Follow –up Inspections**

The Department of Buildings regularly conducts follow-up inspections after violations are found. In 2013, the Department completed 1,140 follow-up re-inspections and, YTD 2014 (as of September 30, 2014), 1,082 re-inspections have been completed. Any elevator unit with dangerous and hazardous conditions is immediately "red-tagged" and removed from service with the property owner being notified to immediately address the conditions. A "failed" inspection can also include lesser violations that pose no hazard to the public. For public awareness, these buildings now receive a Conditional Inspection Certificate.

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<sup>1</sup> 1,895 annual elevator inspections completed as of September 30, 2014. This represents an increase of 504 inspections as compared to total year-end for 2013.

Elevator violations that show as open in the system are not necessarily current and may have been resolved. Open violations may actually remain documented on a building's history, even after the building subsequently passed its follow-up inspection. Currently, as a result of unrealized technology improvements, the Department is without a streamlined method to systematically close these outdated violations. The current process is cumbersome and both labor and time intensive. Likewise, there is no seamless notification process that the property owners may utilize to notify the Department that they have made repairs and that the Department may come in for a follow-up inspection.

The Department is working with the Department of Innovation and Technology to ensure these essential reporting requirements are built into new system functionality. In the interim, the Department has implemented a weekly report that will list all failed annual inspections within the last sixty (60) days. This report will also serve as a redundancy to the billing error report that will notify us of inspections we have completed, but failed to update our records. The Department's Director of Information Systems will generate the report and the Assistant Chief Elevator Inspector is tasked with incorporating these follow-up inspections into the daily workload for completion.

Data entry improvements are discussed under Finding 4, below; however, it should be noted here that a delay in entering inspection records created a parallel delay in the number of buildings requesting follow-up inspections. The Department took immediate steps to ensure all inspection records identified as delinquent at the time of the audit were entered and the relevant records created. The upkeep in data entry resulted in an increase in notifications from property owners that their buildings required re-inspection by the Department. In maintaining timely data entry, the Department will now, more regularly, receive requests for re-inspection.

***With regard to Finding 3: Fee Record Generation***

The Department places a priority on timely and accurate record keeping. The Department took the immediate steps to ensure all inspection records identified as delinquent at the time of the audit were entered and the relevant fee records created. As a result, the Department successfully completed all billing for the 1,004 paper inspection records noted as delinquent at the time of the OIG audit. Furthermore, the Department is current on all data entry at the time of this response and will strive to keep pace with data entry.

The Department is working with the Department of Innovation and Technology to expand the Department's use of mobile technology that will allow inspectors to record inspections records on-site. The Department currently utilizes mobile technology in other inspection bureaus for this purpose.

Moving forward, on a monthly basis, the Assistant Chief Elevator Inspector will prepare and review an exception report. This report will list any possible inconsistencies or errors between inspection data entry and billing records. The Department's Deputy Commissioner for Finance is tasked with auditing the results to ensure billing accuracy.

***With regard to Finding 4: Data Entry***

Data entry is an important function with the Department of Buildings. Timely entry of inspection records is necessary to initiate billing, collections, court and administrative hearing functions.

As discussed above, the Department took immediate action through the utilization of a temporary short term resource and was able to clear the data entry backlog noted at the time of the audit.

Furthermore, the Department will now train its Inspectors to utilize the Department's Hansen database system. At the time of this response, training sessions scheduled for the first two weeks in October 2014 are ongoing. Once trained, the Inspectors will begin completing data entry on their inspection results. The Department is also exploring options to enter inspection data directly from the field at the time of the inspection.

This will systematically address part of the data entry requirements, but not all. The Department will also work with the Office of Budget Management (OBM) to restore the Administrative Assistant position previously budgeted for the Department.

***With respect to Finding 5: Audit Methodology***

The Department performs three (3) types of audits: License Audit, Paper Audit and Field Inspection Audit. DOB compliance staff conducts License Audits at least once each year. The AIC program requires that an Authorized Technician (AT) who performs work as part of the AIC be licensed by the State of Illinois as a Licensed Inspector and work for an Illinois Licensed Inspection Company. The Department conducts an annual License Audit to verify current license status.

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attempted to select buildings for audit that would be representative of several factors including building size, cross section of inspection companies, cross section of device types, etc. Moving forward, the Department will utilize a simple random sample selection process for its Paper and Field Inspection Audits, as recommended by the OIG.

Furthermore, the Department is taking an additional step. Currently, the deadline for all AIC inspections is annually on December 31<sup>st</sup>. As a result, the Department receives the bulk of inspection records in the month of December, leading up to the deadline. This also limits the Department to conducting audits only in the first two months of the year to ensure the audit falls within the 60 days validity period.

Effective 2015, the Department will randomly divide AIC properties into two (2) groups. Group #1 will have a submission deadline of July 30<sup>th</sup> annually and Group #2 will retain the current December 31<sup>st</sup> deadline. This is a first step as the Department actively works towards a fully staggered elevator inspection schedule. This will allow DOB to more effectively balance the workload of its inspectors and ensure that DOB is consistently performing field inspection audits.

**Summary:**

In summary, the Department is committed to ensuring the safety and quality of life for the residents and visitors of the City of Chicago. An effective and comprehensive elevator inspection program is an important part of upholding this commitment. As a result of the OIG audit, the Department has been given the opportunity to take a critical look at its operational objectives and how best to meet them.



## CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

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<b>To Report Fraud, Waste, and Abuse in City Programs</b>	Call OIG's toll-free hotline 866-IG-TIPLINE (866-448-4754). Talk to an investigator from 8:30 a.m. to 5:00 p.m. Monday-Friday. Or visit our website: <a href="http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/">http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/</a>

### MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations;
- audits of City programs and operations; and
- reviews of City programs, operations, and policies.

From these activities, OIG issues reports of findings, disciplinary, and other recommendations to assure that City officials, employees, and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

### AUTHORITY

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

*To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.*